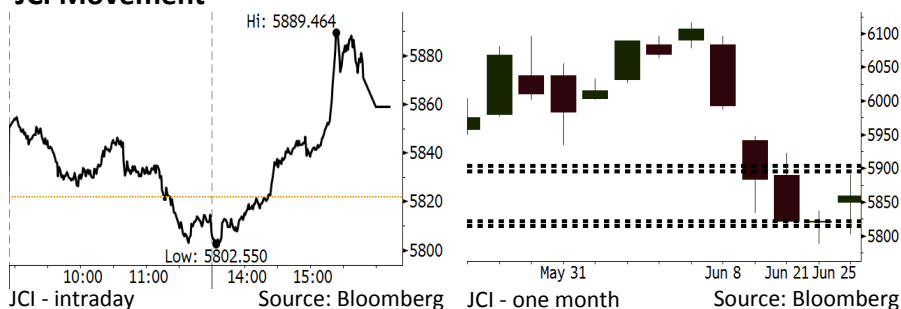


Morning Brief

Daily | June 26, 2018

JCI Movement



IHSG (Jakarta Composite Index)

June 25	5,859.08
Chg	+32.27pts (+0.64%)
Volume (bn shares)	90.99
Value (IDR tn)	7.45

Adv 163 Dec 243 Unc 194 Untr 92

Foreign Transaction		(IDR bn)
Buy		2,027
Sell		2,842
Net Buy (Sell)		(815)

Top Buy	NB Val.	Top Sell	NS Val.
SWAT	33.7	BBRI	145.0
BBCA	24.3	ERAA	61.6
INKP	11.0	BBNI	57.7
ANTM	8.0	ITMG	48.8
MNCN	4.6	UNTR	42.2

LQ-45 Index		Top Gainers & Losers	
Gainers	%	Losers	%
GGRM	7.9%	BUMI	-4.1%
SCMA	5.7%	INDY	-3.3%
PWON	5.7%	ADRO	-3.1%
HMSP	5.0%	BBRI	-3.0%
ADHI	5.0%	TRAM	-2.7%

Government Bond Yield & FX

	Last	Chg.
Tenor: 10 year	7.62%	0.08%
USDIDR	14,159	0.52%
KRWIDR	12.66	-0.43%

Global Indexes

Index	Last	Chg.	%
Dow Jones	24,252.80	(328.09)	-1.33%
S&P 500	2,717.07	(37.81)	-1.37%
Nasdaq	7,532.01	(160.81)	-2.09%
FTSE 100	7,509.84	(172.43)	-2.24%
CAC 40	5,283.86	(103.52)	-1.92%
DAX	12,270.33	(309.39)	-2.46%
Nikkei	22,338.15	(178.68)	-0.79%
Hang Seng	28,961.39	(377.31)	-1.29%
Shanghai	2,859.34	(30.42)	-1.05%
KOSPI	2,357.88	0.66	0.03%
EIDO	23.56	0.08	0.34%

Commodities

Commodity	Last	Chg.	%
Gold (USD /troy oz.)	1,265.6	(4.9)	-0.39%
Crude Oil (USD /bbl)	68.08	(0.50)	-0.73%
Coal Newcas(USD/ton)	110.95	1.40	1.28%
Gas (USD /mmbtu)	2.92	(0.02)	-0.75%
Nickel LME (USD /MT)	14,730	(535.0)	-3.50%
Tin LME (USD /MT)	20,125	(275.0)	-1.35%
CPO (MYR/Ton)	2,290	6.0	0.26%

Indonesian Market Recap

JCI rallied yesterday amid the release of Indonesia's trade balance data posting the deficit of USD1.5 billion. **Top Gainers : Consumer (-2.94%), Property (+0.77%), Infrastructure (+0.43%)**

Today's Outlook: : Import Pace Accelerates

Today we estimate JCI to rally with the support range of 5815-5822 and resistance range of 5896-5904. Indonesia's trade balance of May still posted the deficit of USD1.5 billion. However, the hike of 28% in May's import showed that the trend of recovery in domestic consumption remained. Although Ramadhan month had passed in May, corporation still imported. It showed the post-Eid Mubarak business's confidence will be still higher.

Stocks Recommendation (details on the next page)

Trading Buy: UNVR, TLKM, JPFA

Global Market

United States

U.S. markets were sluggish last night as investors responded negatively over Trump's plan of restricting investment by China in the U.S.

Europe

European market closed lower yesterday amid investors' concerns about the trade war and Brexit's impact.

Asia

Asia markets ended lower yesterday. Investors kept their eyes on the trade war's tension after Trump's administration restricted China to invest in the U.S.

Company News

- SMGR : Increases Export Portion
- MERK : Distributes Dividend of IDR260 per Share
- RALS : Posts Growth of 4.8% in June's Sales
- TPIA : Posts Decline of 31.85% in Net Profit

Domestic & Global News

Indonesia Posts Trade Deficit for Second Month

Trade advisor Navarro says no plans for investment restrictions on China

Indonesia Economic Data

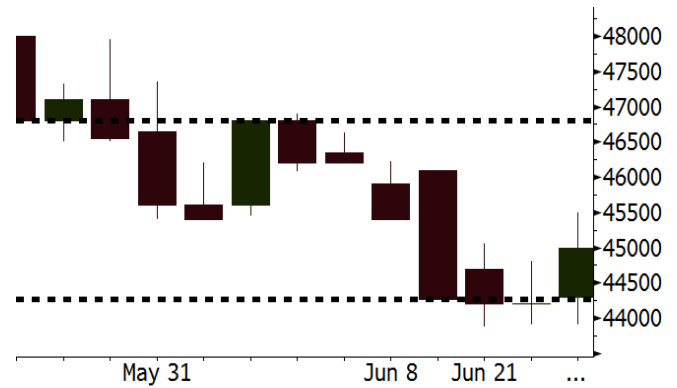
Monthly Indicator	Last	Prev.	Quarterly Indicator	Last	Prev.
BI 7 Day Rev Repo Rate	4.75%	4.50%	Real GDP	5.06%	5.19%
FX Reserve (USD bn)	122.90	124.90	Current Acc (USD bn)	(5.54)	(6.04)
Trd Balance (USD bn)	(1.52)	(1.63)	Govt Spending Yoy	2.73%	3.81%
Exports Yoy	12.47%	9.01%	FDI (USD bn)	3.69	9.40
Imports Yoy	28.17%	34.68%	Business Confidence	111.02	112.39
Inflation Yoy	3.23%	3.41%	Cons. Confidence*	125.10	121.60

UNVR Last = 45000

Analysis UNVR will sign the sale of spread business to KKR in July 2nd. The sales was worth IDR2.92 trillion and estimated to be settle directly by KKR in 3Q18.

Range 44275 - 46800

Action Trading Buy. Cut Loss If Below 44275



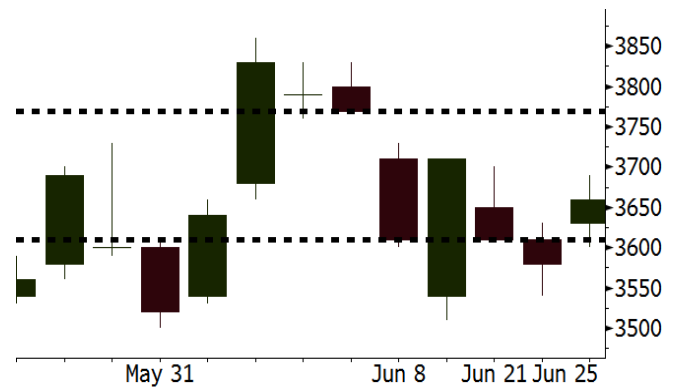
Source: Bloomberg

TLKM Last = 3660

Analysis TLKM will enjoy 2H18's healthier industrial competition marked by the plan of the hike in data service tariffs by 3 big-cap telecommunication operators.

Range 3610 - 3770

Action Trading Buy. Cut Loss If Below 3610



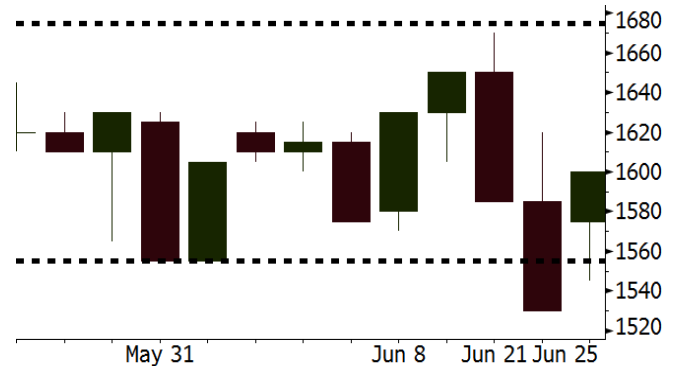
Source: Bloomberg

JPFA Last = 1600

Analysis The uptrend of beef consumption escalating during Ramadhan and Eid Mubarak is estimated to continue. JPFA will enjoy markets by higher demand for beef and well controlled price.

Range 1555 - 1675

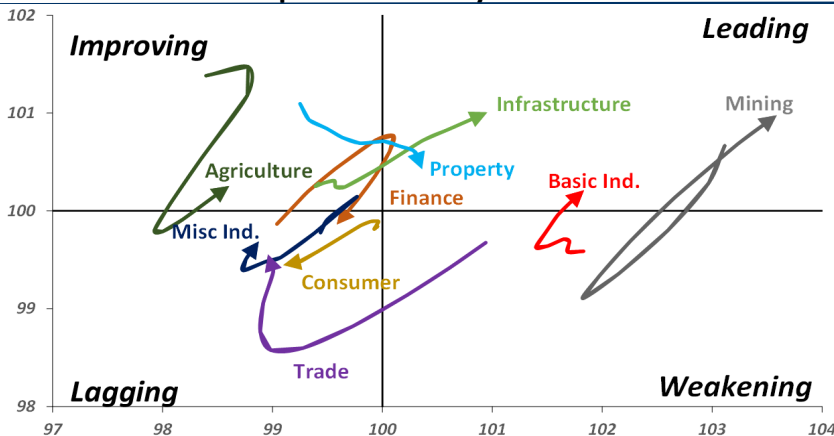
Action Trading buy. Cut Loss If Below 1555



Source: Bloomberg

Sector Rotation

Relative Rotation Graph - Last 10 Days



Source: Bloomberg

Relative Valuation

	Last Price	End of Last Year Price	Target Price*	Rating	Upside Potential (%)	1 Year Change (%)	Market Cap (IDR tn)	Price / EPS (TTM)	Price / BVPS	Return on Equity (%)	Dividend Yield TTM (%)	Sales Growth Yoy (%)	EPS Growth Yoy (%)	Adjusted Beta
JCI Index	5,859	6,356				0.5	6,557.9							
Finance						8.1	1,930.8							
BBCA	22,200	21,900	25,400	Hold	14.4	22.3	547.3	23.0x	4.0x	18.7	1.1	7.1	10.4	0.9
BBRI	2,890	3,640	3,510	Buy	21.5	(5.2)	356.5	11.9x	2.2x	19.6	3.7	13.0	11.4	1.4
BMRI	6,700	8,000	10,300	Buy	53.7	5.1	312.7	13.9x	1.9x	14.4	3.0	(1.9)	43.7	1.4
BBNI	7,300	9,900	8,125	Hold	11.3	10.6	136.1	9.7x	1.4x	15.2	3.5	10.6	12.7	1.3
BBTN	2,640	3,570	3,790	Buy	43.6	1.5	28.0	9.0x	1.3x	15.2	2.2	15.1	16.1	1.5
BJTM	685	710	810	Buy	18.2	3.0	10.3	8.6x	1.4x	16.5	6.4	3.1	10.7	1.1
Consumer						(5.9)	1,312.0							
HMSP	3,570	4,730	4,575	Buy	28.2	(7.0)	415.3	33.5x	11.2x	33.3	3.0	2.5	(7.1)	1.4
GGRM	71,750	83,800	88,650	Buy	23.6	(8.4)	138.1	17.8x	3.1x	18.2	3.6	10.1	0.1	1.4
UNVR	45,000	55,900	49,450	Hold	9.9	(7.8)	343.4	49.9x	49.0x	100.6	2.0	(0.9)	(6.2)	1.1
ICBP	8,750	8,900	9,625	Hold	10.0	(0.6)	102.0	26.0x	5.0x	20.0	1.9	4.5	10.6	1.2
INDF	6,625	7,625	8,175	Buy	23.4	(23.0)	58.2	14.0x	1.8x	13.2	3.6	(1.1)	0.7	1.1
KLBF	1,295	1,690	1,730	Buy	33.6	(20.3)	60.7	25.2x	4.4x	18.2	1.9	2.4	0.2	1.3
KAEF	2,450	2,700	3,280	Buy	33.9	(15.2)	13.6	40.6x	5.4x	14.0	0.7	24.4	27.4	1.3
Infrastructure						(12.3)	713.73							
TLKM	3,660	4,399	4,600	Buy	25.7	(18.3)	368.9	17.1x	3.7x	22.4	4.6	4.3	(14.3)	0.9
EXCL	2,580	2,960	3,800	Buy	47.3	(24.3)	27.6	81.2x	1.3x	1.6	N/A	4.5	(75.0)	1.1
ISAT	3,210	4,800	6,750	Buy	110.3	(50.6)	17.4	38.2x	1.3x	3.3	2.3	(21.9)	N/A	0.8
JSMR	4,280	6,400	6,050	Buy	41.4	(20.0)	31.1	13.9x	2.0x	15.3	1.4	92.8	6.5	1.1
TBIG	4,910	6,425	6,050	Buy	23.2	(27.8)	22.2	9.6x	7.0x	92.7	3.4	8.4	16.1	0.6
INDY	3,540	3,060	5,000	Buy	41.2	351.0	18.4	3.5x	1.3x	46.6	3.0	263.6	166.7	1.2
Trade						(4.6)	742.8							
UNTR	32,800	35,400	42,350	Buy	29.1	19.5	122.3	14.5x	2.5x	18.6	2.7	39.0	68.7	1.2
AKRA	4,280	6,350	8,025	Buy	87.5	(34.4)	17.2	20.3x	2.0x	24.1	4.7	34.4	(22.8)	1.3
SCMA	2,220	2,480	3,200	Buy	44.1	(14.3)	32.5	23.4x	7.6x	34.8	2.6	15.0	19.3	1.0
MNCN	950	1,285	1,550	Buy	63.2	(48.4)	13.6	9.4x	1.3x	14.3	4.4	(0.4)	(28.3)	1.2
LPPF	8,250	10,000	11,250	Buy	36.4	(41.8)	24.1	12.6x	9.3x	81.7	5.5	5.9	1.2	1.2
ACES	1,285	1,155	1,425	Hold	10.9	21.2	22.0	26.3x	5.9x	24.0	1.8	21.5	35.7	0.9
RALS	1,400	1,200	1,400	Hold	-	14.3	9.9	22.5x	2.7x	12.2	2.9	(2.6)	407.0	0.8
MAPI	855	620	945	Hold	10.5	25.7	14.2	22.6x	3.2x	16.4	0.5	19.3	505.7	0.9
Property						(8.4)	376.2							
BSDE	1,660	1,700	1,850	Hold	11.4	(9.3)	31.9	6.9x	1.2x	19.5	0.3	(5.8)	(45.2)	1.2
PWON	560	685	625	Hold	11.6	(8.9)	27.0	12.9x	2.5x	21.0	0.8	19.5	61.9	1.2
CTRA	1,150	1,185	1,370	Buy	19.1	(1.7)	21.3	26.4x	1.6x	6.1	1.2	6.8	(41.7)	1.2
SMRA	990	945	1,050	Hold	6.1	(23.3)	14.3	42.8x	2.2x	5.2	0.5	(2.5)	(40.0)	1.4
WSKT	2,090	2,210	2,810	Buy	34.4	(9.9)	28.4	5.4x	1.8x	37.7	2.7	68.6	314.5	1.4
PTPP	2,260	2,640	3,850	Buy	70.4	(28.0)	14.0	9.5x	1.2x	13.9	2.1	26.3	19.0	1.5
WIKA	1,405	1,550	2,150	Buy	53.0	(36.4)	12.6	11.2x	1.0x	9.2	1.9	64.1	(30.9)	1.0
ADHI	1,900	1,885	2,160	Hold	13.7	(11.6)	6.8	11.9x	1.1x	10.1	1.5	39.7	282.5	1.0
Misc Ind.						(20.6)	353.2							
ASII	6,600	8,300	9,300	Buy	40.9	(26.1)	267.2	14.2x	2.1x	15.3	2.8	14.4	(1.6)	1.2
Basic Ind.						28.6	615.2							
INTP	14,350	21,950	21,575	Buy	50.3	(22.2)	52.8	32.4x	2.1x	6.3	4.9	1.9	(46.2)	1.5
SMGR	7,650	9,900	11,550	Buy	51.0	(23.5)	45.4	27.1x	1.5x	5.9	1.8	3.4	(45.2)	1.2
CPIN	3,650	3,000	4,200	Buy	15.1	14.8	59.9	20.8x	3.6x	18.2	1.5	(1.3)	60.5	1.0
JPFA	1,600	1,300	2,000	Buy	25.0	17.6	18.8	13.6x	2.1x	15.5	3.1	18.7	533.3	0.7
MAIN	700	740	780	Hold	11.4	(36.7)	1.6	20.7x	0.9x	4.1	5.4	16.5	109.1	1.0
KRAS	464	424	500	Hold	7.8	(24.6)	9.0	N/A	0.3x	(3.6)	N/A	38.9	72.7	1.1
TPIA	5,400	6,000	6,275	Buy	16.2	5.5	96.3	23.5x	4.1x	22.8	1.5	9.9	(36.3)	0.8
BRPT	2,160	2,260	2,420	Hold	12.0	47.4	37.0	20.5x	2.0x	12.4	N/A	25.1	(5.3)	0.7
Mining						39.8	419.9							
ADRO	1,870	1,860	2,500	Buy	33.7	18.4	59.8	9.2x	1.2x	13.6	5.8	5.1	(23.4)	1.1
PTBA	4,130	2,460	3,950	Hold	(4.4)	72.8	47.6	8.6x	2.9x	38.7	7.7	26.4	67.1	1.0
ITMG	22,875	20,700	32,400	Buy	41.6	32.2	25.8	7.1x	2.0x	29.2	13.7	2.8	0.0	1.1
INCO	4,170	2,890	3,550	Hold	(14.9)	125.4	41.4	3592.4x	1.6x	(0.1)	N/A	18.4	N/A	1.2
ANTM	890	625	985	Hold	10.7	28.1	21.4	57.0x	1.1x	2.0	0.2	247.2	3550.0	1.0
TINS	860	775	1,240	Buy	44.2	17.8	6.4	12.9x	1.0x	8.3	2.7	(0.6)	(18.1)	1.2
ELSA	354	372	625	Buy	76.6	29.2	2.6	N/A	0.8x	10.5	1.4	50.1	1267.6	1.2
Agriculture						(18.7)	94.0							
AALI	11,400	13,150	14,800	Buy	29.8	(22.4)	21.9	14.0x	1.2x	8.6	4.1	10.7	(55.6)	0.7
LSIP	1,005	1,420	1,380	Buy	37.3	(26.6)	6.9	13.6x	0.8x	6.2	4.5	(40.7)	(64.6)	0.8

* Target Price for December 2018

Source: Bloomberg, NHKS Research

SMGR : Increases Export Portion

SMGR will increase its export relating to the oversupply of 35 million tons of cement in domestic market backdrop. Until May, SMGR succeeded to export 1.2 million tons of cement. This number doubled than the export in May 2017. Besides, SMGR likely maintains its market share at the level 40%. (Kontan)

RALS : Posts Growth of 4.8% in June's Sales

RALS posted the growth of 4.8% in sales of June 24th, 2018. The growth was backed by the growth of 12% posted by the fashion segment. It posted the January-May sales of IDR3.13 higher than its sales target of IDR2.9 trillion. Thus, it is optimistic about achieving the June's sales target of IDR1.77 trillion. (Bisnis Indonesia)

MERK : Distributes Dividend of IDR260 per Share

PT Merck Tbk (MERK) membagikan dividen tunai dengan rasio 75% dari laba bersih 2017 atau setara dengan Rp260 per saham. MERK mencatatkan laba bersih sebesar Rp144,67 miliar (-5,96% y-y) pada 2017. MERK juga mencatatkan kenaikan volume produksi menjadi 741 juta tablet dan kapsul. Pada 1Q18, MERK mencatatkan pendapatan & laba bersih sebesar Rp311,33 miliar (-1,6% y-y) dan Rp52,21 miliar (-20,6% y-y). (Bisnis Indonesia)

TPIA : Posts Decline of 31.85% in Net Profit

TPIA posted the decline of 31.85% y-y to USD73.4 million in 1Q18 net profit attributed to the parent entity, but it booked the hike of USD695.27 million in its revenue. The decline in net profit was attributable to the hike of 45.4% y-y to USD14.37 million in financial cost and the forex cost of USD2.99 million. (Bisnis Indonesia)

Domestic & Global News

Indonesia Posts Trade Deficit for Second Month

Trade deficit in May totals \$1.52b, according to the nation's statistics office; est. was for \$606m deficit. Exports rose 12.47% to \$16.12b y/y; est. +7.00%. Imports rose 28.12% to \$17.64b y/y; est. +13.8%. Imports of capital goods +43.4% y/y, consumption goods +34% y/y. Indonesia imported more machinery and electrical equipment in May compared to previous month: statistics bureau. (Bloomberg)

Trade advisor Navarro says no plans for investment restrictions on China

Peter Navarro, one of President Donald Trump's top trade advisors, said the market was overreacting to fears the administration would restrict foreign investment as part of its trade actions against China and other countries. Navarro told CNBC that the administration currently does not have any specific countries targeted. His comments came after news reports that had Wall Street reeling over the prospect that the U.S. could prevent companies that had at least 25 percent Chinese ownership from buying businesses that possessed "industrially significant technology." (CNBC)

Date	Country	Hour Jakarta	Event	Period	Actual	Consensus	Previous
Monday	GER	15:00	IFO Business Climate	Jun	101.8	101.8	102.2
25 - June	USA	21:00	New Home Sales	May	689k	665k	662k
Wednesday	USA	19:30	Durable Goods Orders	May P		-1.00%	-1.60%
27 - June							
Thursday	EU	16:00	Consumer Confidence	Jun F		--	-0.5
28 - June	GER	19:00	CPI MoM	Jun P		0.20%	0.50%
	GER	19:00	CPI YoY	Jun P		2.20%	2.20%
	USA	19:30	GDP Annualized QoQ	1Q T		2.20%	2.20%
Friday	JPN	06:30	Jobless Rate	May		2.50%	2.50%
29 - June	JPN	06:50	Industrial Production MoM	May P		-1.10%	0.50%
	JPN	12:00	Consumer Confidence Index	Jun		43.8	43.8
	GER	14:55	Unemployment Change (000's)	Jun		-5k	-11k
	UK	15:30	GDP QoQ	1Q F		0.10%	0.10%
	UK	15:30	GDP YoY	1Q F		1.20%	1.20%
	USA	19:30	Personal Income	May		0.40%	0.30%
	USA	19:30	Personal Spending	May		0.40%	0.60%

Source: Bloomberg

Domestic Economic Calendar

Date	Hour Jakarta	Event	Period	Actual	Consensus	Prev.
Monday	11:00	Imports YoY	May	28.17%	--	34.68%
25 - June	11:00	Exports YoY	May	12.47%	--	9.01%
	11:00	Trade Balance	May	-\$1523.6m	--	-\$1629m
Thursday	Tentative	Bank Indonesia 7D Reverse Repo	28-Jun		--	4.75%
29 - June						

Source: Bloomberg

Date	Event	Company
Monday 25 - June	Annual Shareholder Meeting	AHAP, CASA, EMTK, JTPE, KOIN, LRNA, MERK, MGNA, SCMA SDMU, STAR, UNIT, VICO
	Rights Delisting Date	BRPT
	Stock Split	BLTZ (2 for 1)
	Cum Dividend Date	JKON (IDR5.8 per share) JRPT (IDR26 per share) MTDL (IDR10 per share) SMRA (IDR5 per share) TIFA (IDR6 per share)
Tuesday 26 - June	Annual Shareholder Meeting	ARGO, BJTM, BTEL, GGRM, INPP, LION, LMSH, MDIA, MSKY, PLIN PWON, SRTG, TARA, UNIC, VIVA
	Rights Delisting Date	BKSW
	Cum Dividend Date	ASDM (IDR69 per share) BRPT (undecided yet) LPGI (IDR245 per share) PBID (IDR43 per share) SMMA (IDR1 per share)
Wednesday 27 - June	Annual Shareholder Meeting	APEX, BBRM, BHIT, BSDE, CAMP, FINN, INPS, INTD, KARW, MAIN, MIKA, NASA, RELI, SMAR, SMMT, SOCI, TMPI, TRUS
Thursday 28 - June	Annual Shareholder Meeting	AIMS, ALTO, BAJA, BATA, BCIC, BOGA, BULL, CMNP, CSAP, DFAM, ELTY, GTBO, HOTEL, IKAI, IMAS, IMJS, INDX, KMTR, KRAH, LMPI, MABA, MARI, MDRN, PNIN, PNLF, POLY, RUIS, SIAP, SMDR, STTP, TIRT, VRNA
Friday 29 - June	Annual Shareholder Meeting	AGRS, AKSI, ALMI, AMAG, ATPK, BBNP, BIPP, BKSL, BMAS, CASS, DART, DEFI, DEWA, DKFT, FIRE, GAMA, GHON, GJTL, HDTX, INAI, INPC, ISSP, JAWA, JMAS, JSKY, LCGP, MITI, MTSM, NIPS, PGAS, PKPK, PRAS, PSAB, SAFE, SSTM, ULTI, UNSP

Source: Bloomberg

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